



# California Fair Political Practices Commission

March 28, 1986

John H. Ernster  
General Attorney  
Santa Fe Southern Pacific Corp.  
One Santa Fe Plaza  
5200 East Sheila Street  
Los Angeles, CA 90040

Re: FPPC Advice No. A-86-073

Dear Mr. Ernster:

This is in response to your letter of February 20, 1986, which you confirmed on February 28, 1986, to be a request for formal written advice rather than a request for a formal legal opinion.

Your letter asked whether legal fees paid to a state legislator's law firm are reportable as "activity expenses" pursuant to the lobbying disclosure provisions of the Political Reform Act (Government Code Sections 81000-91015) and if so, how the amount benefiting the official would be determined.

Government Code Section 86111, as amended by Stats. 1985, Chapter 1183, defines "activity expense" as :

...any expense incurred or payment made by a lobbyist, lobbying firm, lobbyist employer or a person described in subdivision (b) of Section 86115, or arranged by a lobbyist or lobbying firm, which benefits in whole or in part any elective state official, legislative official, agency official, state candidate, or a member of the immediate family of one of these individuals. Activity expenses include gifts, honoraria, consulting fees, salaries, and any other form of compensation but do not include campaign contributions.

Our advice with respect to legal fees is that if the fees are paid for the services of the legislator, the entire amount paid must be reported as an activity expense on the Report of Lobbyist Employer (Form 635). Fees paid for the services of other attorneys employed by a legislator's law firm are not reportable as activity expenses. However, under either circumstance, the legislator may be required to disclose the income on his or her Statement of Economic Interests and the potential for disqualification could arise.

John H. Ernster  
March 28, 1986  
Page 2

I hope the foregoing information is helpful. Please call me at (916) 322-5662 if you have additional questions.

Sincerely,

*Carla Wardlow*

Carla Wardlow  
Political Reform Consultant

FILE MEMORANDUM

Name: Santa Fe Southern  
Pacific Corp

Tele: (213) 267-5610

2/28/86  
(Date)

per tlc w/ John Ernster - his  
intent was to obtain "written  
advice", not necessarily a  
"formal opinion."

(Date)

initial

(Date)

(Date)

(Date)

(Date)



# California Fair Political Practices Commission

March 4, 1986

John H. Ernster  
Santa Fe Southern Pacific Corporation  
Law Department  
One Santa Fe Plaza  
5200 East Sheila Street  
Los Angeles, CA 90040


Re: A-86-073

Dear Mr. Ernster:

Your letter requesting advice under the Political Reform Act has been received by the Fair Political Practices Commission. If you have any questions about your advice request, you may contact the Technical Assistance and Analysis Division at (916) 322-5662.

We try to answer all advice requests promptly. Therefore, unless your request poses particularly complex legal questions, or unless more information is needed to answer your request, you should expect a response within 21 working days.

Very truly yours,

  
Jeanne Pritchard  
Chief  
Technical Assistance and Analysis  
Division

JP:plh

# Santa Fe Southern Pacific Corporation

LAW DEPARTMENT  
One Santa Fe Plaza  
5200 East Sheila Street  
Los Angeles, California 90010

(213) 267-5610

February 20, 1986  
126-Lobbyist Employer

FEB 27 2 02 PM '86

Ms. Jean Pritchard  
Division Chief  
Technical Analysis  
Fair Political Practices Commission  
1100 "K" Street Mall  
Sacramento, CA 95814

RE: Activity Expense Reporting Under  
New Government Code §86111(a)

Dear Ms. Pritchard:

Please consider this a request for the FPPC's formal opinion with regard to the new definition of "activity expense" as expressed in Government Code §86111(a). The new definition includes as activity expenses: "gifts, honoraria, consulting fees, salaries, and other forms of compensation other than campaign contributions" made to state legislators and other reportable officials. Please advise if the circumstances in the following scenario would constitute "other forms of compensation" as defined in the above referenced statute.

Subsidiary "A" is listed as an affiliated company on parent company's Report of Lobbyist Employer. Subsidiary "A" makes monthly payments of \$5,000 to a law firm for retention of its legal services. A senior partner in the law firm is a state legislator. The portion of the law firm's proceeds that the state legislator receives is unknown, but it is believed to be a large percentage.


## Questions:

1) Are legal fees paid to the law firm of a state legislator reportable as activity expenses on parent company's Report of Lobbyist Employer?

2) If legal fees are deemed to be a reportable activity expense, how should the amount actually benefitting the legislator be determined?

Thank you for your consideration of the foregoing.

Respectfully,

  
John H. Ernster  
General Attorney, California